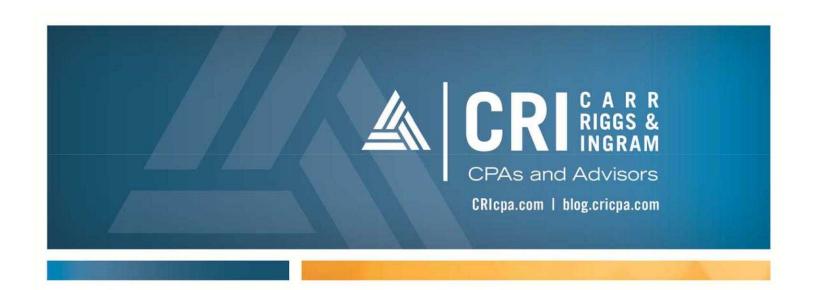
ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC. A Nonprofit Organization

FINANCIAL STATEMENTS

June 30, 2014 and 2013



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INDEPENDENT AUDITOR'S REPORT

Board of Directors Advocates for Science and Mathematics Education, Inc. New Orleans, Louisiana

We have audited the accompanying financial statements of Advocates for Science and Mathematics Education, Inc. ("Advocates") (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2014 and 2013, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advocates as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2014, on our consideration of Advocates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Advocates' internal control over financial reporting and compliance.

Carr. Riggs & Ingram. LLC

September 18, 2014

Advocates for Science and Mathematics Education, Inc. Statements of Financial Position

		2013
June 30,	2014	(Restated)
•		
Assets		
Current Assets	4	4 505 066
Cash and cash equivalents	\$ 724,203	\$ 585,366
Certificates of deposit	26,191	26,191
Grants receivable	289,467	258,916
Other receivables	16	228,853
Prepaids	340	25
Total Current Assets	1,040,217	1,099,351
Property and equipment, net	187,994	5,869
. Topolog and equipment, nec	20.,00	2,202
Total Assets	\$1,228,211	\$1,105,220
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 65,474	\$ 184,916
Line of credit	10,000	75,000
Total Current Liabilities	75 474	250.016
Total Current Liabilities	75,474	259,916
Total Liabilities	75,474	259,916
Net Assets		
Unrestricted	1,102,088	804,119
Temporarily restricted	50,649	41,185
Total Net Assets	1,152,737	845,304
Total Liabilities and Net Assets	\$1,228,211	\$1,105,220

Advocates for Science and Mathematics Education, Inc. Statement of Activities - 2014

For the year ended June 30, 2014	Unrestricted		mporarily Restricted	Total
For the year ended Julie 30, 2014	Officied	- 1	restricted	Total
Revenues and Support				
State sources	\$ 1,737,090	\$	-	\$ 1,737,090
Local per pupil support	1,839,215			1,839,215
Federal sources	784,010		=	784,010
Donations and contributions	323,922		8,992	332,914
Other revenue	197,952		37,189	235,141
Total Public Support and				
Other Revenues	4,882,189		46,181	4,928,370
Net Assets Released from Restrictions	36,717		(36,717)	
Total Revenues and Support	4,918,906		9,464	4,928,370
Expenses				
Program services	2,682,850			2,682,850
Supporting services:				
Management and general	1,938,087		5 54	1,938,087
*				
Total Expenses	4,620,937		=3	4,620,937
Increase in Net Assets	297,969		9,464	307,433
Net Assets, Beginning of Year	804,119		41,185	845,304
Net Assets, End of Year	\$ 1,102,088	\$	50,649	\$ 1,152,737

Advocates for Science and Mathematics Education, Inc. Statement of Activities - 2013 (Restated)

		Ter	mporarily	
For the year ended June 30, 2013	Unrestricted	R	Restricted	Total
Revenues and Support		1000		Marin Companier Communica
State sources	\$ 1,572,445	\$	1,333	\$1,573,778
Local per pupil support	1,621,406		-	1,621,406
Federal sources	617,341		-	617,341
Donations and contributions	316,878		20,557	337,435
Other revenue	213,877		39,731	253,608
Total Public Support and				
Other Revenues	4,341,947		61,621	4,403,568
Net Assets Released from Restrictions	44,443		(44,443)	
Total Revenues and Support	4,386,390		17,178	4,403,568
Evnonces				
Expenses	2 220 456			2 220 456
Program services	2,339,456		-	2,339,456
Supporting services:	4 024 522			4 024 522
Management and general	1,934,532		(First)	1,934,532
Total Expenses	4,273,988		_	4,273,988
Total Expenses	4,273,300		1909	4,273,300
Increase in Net Assets (as restated)	112,402		17,178	129,580
				-
Net Assets, Beginning				
of Year (as previously reported)	536,326		24,007	560,333
Prior period adjustment (Note 11)	155,391		-	155,391
Net Assets, Beginning				
of Year (as restated)	691,717		24,007	715,724
	Ť.			2
Net Assets, End of Year (as restated)	\$ 804,119	\$	41,185	\$ 845,304

Advocates for Science and Mathematics Education, Inc. Statements of Cash Flows

		2013
For the years ended June 30,	2014	(Restated)
Cash Flows from Operating Activities	Um in allegations - Company to the	Vaca to the BET Holisandson
Increase in net assets	\$307,433	\$ 129,580
Adjustments to reconcile increase (decrease) in net assets		
to net cash provided by operating activities:		
Depreciation expense	26,668	2,309
Decrease (increase) in operating assets:		
Recievables	198,286	292,780
Prepaids	(315)	15,946
Increase (decrease) in operating liabilities:		
Accounts payable	(119,442)	39,670
Net cash provided by (used in) operating activities:	412,630	480,285
Cash Flows from Investing Activities:		
Purchase of equipment	(208,793)	100 200 200
Purchase of certificates of deposit, net		(65)
	**************************************	# PATESTS IN
Net cash used in investing activities	(208,793)	(65)
Cash Flows from Financing Activities:		
Change in line of credit, net	(65,000)	:-
Change in line of create, net	(03,000)	
Net cash used in investing activities	(65,000)	:=
Net increase (decrease) in cash and cash equivalents	138,837	480,220
Cash and Cash Equivalents, Beginning of Year	585,366	105,146
		120
Cash and Cash Equivalents, End of Year	\$724,203	\$ 585,366
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 1,938	\$ 3,694

Advocates for Science of Mathematics Education, Inc. Statement of Functional Expenses - 2014

		Supp	orting Services	
	Program		Management	
For the year ended June 30, 2014	Services		and General	Total
Salaries	\$ 1,581,426	\$	782,492	\$ 2,363,918
Benefits and retirement	575,811		278,880	854,691
Transportation	24,512		186,603	211,115
Occupancy	189,900		=	189,900
Professional and technical services	96,414		70,662	167,076
Food services	11,167		146,003	157,170
Supplies	109,544		33,985	143,529
Utilities	-		91,683	91,683
Purchased property services	10,427		72,015	82,442
Insurance	-		78,538	78,538
Administrative fees	-		71,505	71,505
Telephone and postage	4,127		41,526	45,653
Student summer programs	40,475		2	40,475
Miscellaneous	10,621		17,053	27,674
Textbook	27,290		159	27,449
Depreciation	~		26,668	26,668
Dues/subscriptions	1,136		21,046	22,182
Travel	-		17,331	17,331
Interest	:=:		1,938	1,938
Total Expenses	\$ 2,682,850	\$	1,938,087	\$ 4,620,937

Advocates for Science of Mathematics Education, Inc. Statement of Functional Expenses - 2013

	Program Management				
For the year ended June 30, 2013		Services		and General	Total
Salaries	\$	1,407,209	\$	848,411	\$ 2,255,620
Benefits and retirement		464,569		288,184	752,753
Professional and technical services		91,993		124,212	216,205
Occupancy		189,900		-	189,900
Supplies		101,327		48,718	150,045
Transportation		-		141,937	141,937
Food services		9,211		103,508	112,719
Purchased property services		9,036		88,278	97,314
Utilities		-		75,242	75,242
Insurance		720		70,964	71,684
Administrative fees		-		61,205	61,205
Travel		20,453		19,461	39,914
Telephone and postage		7,476		25,350	32,826
Student summer programs		24,064		殭	24,064
Dues/subscriptions		(20)		22,500	22,500
Miscellaneous		7,975		8,726	16,701
Textbook		5,523		1,833	7,356
Interest		-		3,694	3,694
Depreciation		=		2,309	2,309
Total Expenses	\$	2,339,456	\$	1,934,532	\$ 4,273,988

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Advocates for Science and Mathematics Education, Inc. ("Advocates") (a nonprofit organization) was incorporated in 2006 for the purpose of operating a charter school in New Orleans, Louisiana. Advocates operates New Orleans Charter Science and Mathematics High School (d/b/a Sci High) (the "School"). The School is an open-admission public charter school that prepares all students for college admissions and successful careers. The School provides a rigorous high school curriculum with an emphasis in science and mathematics in a supporting environment of learning and respect that prepares students to make informed choices about post-secondary pursuits. The Orleans Parish School Board ("OPSB") granted Advocates a Type 3 charter to operate the School. Advocates has the full responsibility for the finances and operations of the School.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. The allocation between the functions is compiled based on the Louisiana Accounting and Uniform Governmental Handbook ("LAUGH").

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed on the straight-line method using the following estimated useful lives:

Equipment 3-5 years Leasehold Improvements 7 years

Income Tax Status

Advocates is a tax-exempt organization under Internal Revenue Code Section 501 (c)(3) and, as such, is not subject to income tax.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Support and Revenue

Advocates receives its support primarily from the OPSB as a flow through from Louisiana State Department of Education and the United States Department of Education.

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support. Advocates uses the direct write-off method of writing off uncollectible receivables.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Grants and Other Receivables and Allowance for Doubtful Accounts

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. At June 30, 2014 and 2013, management did not deem any receivables to be uncollectible; therefore, no allowance was recorded.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the Statements of Cash Flows, Advocates considers all unrestricted, highly liquid investments with an initial maturity of less than three months as cash and cash equivalents.

Basis of Presentation

Financial statement presentation follows the provisions of the *Not-For-Profit Entities* Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations, which includes three basic financial statements and the classification of resources into three separate classes of net assets, as follows:

- Unrestricted Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted Net assets whose use by Advocates is limited by donorimposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of Advocates pursuant to such stipulations.
- Permanently Restricted Net assets whose use by Advocates is limited by donorimposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of Advocates.

Subsequent Events

Subsequent events have been evaluated by management through September 18, 2014, the date the financial statements were available to be issued.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to the 2013 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

NOTE 2 - CASH AND CASH EQUIVALENTS

Advocates maintains its cash balances at a national financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ending June 30, 2014 and 2013. At times, the balance may exceed the federally insured amount.

NOTE 3 - RETIREMENT PLANS

Substantially all employees of Advocates are members of the Teachers' Retirement System of Louisiana (TRSL) or Louisiana State Employees' Retirement System (LASERS). Pertinent information relative to each plan follows:

Teachers' Retirement System of Louisiana (TRSL)

Plan Description

The TRSL consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report and includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding Policy

Plan members are required to contribute 8% for participating employees. Advocates is required to contribute at an actuarially determined rate. Advocates' contribution rates were 27.2% and 24.5% for the years ended June 30, 2014 and 2013, respectively, for all three membership plans. Member contributions and employer's contributions for the TRSL are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. Advocates' contributions to the TRSL for the years ending June 30,

NOTE 3 - RETIREMENT PLANS (CONTINUED)

2014 and 2013 were \$618,609 and \$526,336, respectively, which was equal to the required contributions for each year.

Louisiana School Employees' Retirement System (LSERS)

Plan Description

Employees who are not teachers, administrators, or school lunch employees are covered by defined benefit contribution pension plans administered and controlled on a statewide basis by a separate Board of Trustees. The Board of Trustees administers this plan which is a cost-sharing multiple-employer public employee's retirement system.

LSERS provides retirement benefits as well as death and disability benefits. Death and disability benefits vest after 5 years of credited service. Normal retirement is at any age with 30 or more years of creditable service, at age 55 with at least 25 years of creditable service, and at age 60 with at least 10 years of creditable service. The maximum retirement and disability benefit is an amount equal to 2 1/2% of the average compensation for the three highest consecutive years of credited service, multiplied by the number of years of service, plus a supplementary allowance of \$2.00 per month for each month of service. The plan also provides various death benefits, whereby the disabled employee or surviving spouse is entitled to receive amounts determined in accordance with the plan.

Contributions Required and Made

Covered employees and Advocates are required by State statute to contribute fixed percentages of employees' gross earning to the plan. Current contribution rates for the plan are 7.5/8.0% for the years ended June 30, 2014 and 2013. Advocates' contribution rates were 32.3% and 30.8% for the years ended June 30, 2014 and 2013, respectively. Advocates' contributions to LSERS for the years ending June 30, 2014 and 2013 were \$16,035 and \$26,999, respectively, which was equal to the required contributions for each year.

NOTE 4 - LINE OF CREDIT

As of June 30, 2014, Advocates had available a line of credit (the "Credit Agreement") with a local financial institution which provided for borrowings up to \$100,000 at variable interest rate. Outstanding borrowings under the Credit Agreement are collateralized with the certificates of deposit and accounts receivable. The line of credit had borrowings outstanding of \$10,000 and \$75,000 as of June 30, 2014 and 2013, respectively

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2014 and 2013, consisted of the following:

	2014	2013
Equipment	\$ 223,643	\$ 14,850
Leasehold Improvements	80,335	80,335
Less: Accumulated Depreciation	(115,984)	(89,316)
	\$ 187,994	\$ 5,869

Depreciation expense was \$26,668 and \$2,309 for the years ended June 30, 2014 and 2013, respectively.

NOTE 6 - LEASE AGREEMENT

Advocates has entered into a rent-free lease agreement with the State of Louisiana Department of Education, Recovery School District (the "RSD") for the use of Allen Elementary School's buildings and grounds as school facilities. Advocates recognized \$189,900 in donated facilities during each of the years ended June 30, 2014 and 2013. Advocates is responsible for the payment of utilities, janitorial and sanitation, disposal services, and property taxes.

NOTE 7 - OPERATING LEASE AGREEMENT

Advocates entered into two (2) operating leases for the rental of three (3) copiers. One of the leases is for a sixty (60) month period and was executed on June 16, 2012. The other lease is for a thirty-nine month period and was executed on August 27, 2012. Rental payments under these leases were approximately \$14,738 and \$7,867 for the years ended June 30, 2014 and 2013.

Future minimum commitments under the operating lease agreements are as follows:

	\$ 25,201
2017	4,020
2016	7,885
2015	13,296

NOTE 8 - SIGNIFICANT CONCENTRATIONS

For the years ending June 30, 2014 and 2013, Advocates received approximately 16% and 14% of its total revenue, respectively, from federal sources and approximately 73% and 73% of its total revenue, respectively, from State and public school funds.

NOTE 9 - UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America require Advocates' management to evaluate tax positions taken by Advocates and recognize a tax liability if Advocates has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Advocates' management has analyzed the tax positions taken by Advocates, and has concluded that as of June 30, 2014 and 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. Advocates is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Advocates' management believes it is no longer subject to income tax examinations for years prior to 2011.

NOTE 10 - TEMPORARILY RESTRICTED NET ASSETS

The total of Advocates' temporarily restricted net assets is available for the purpose of student activities.

NOTE 11 – PRIOR PERIOD ADJUSTMENTS AND RECLASSIFICATIONS

Advocates recorded prior period adjustments during the year ended June 30, 2014 related to correction of errors that occurred in the years ended June 30, 2013, 2012, and 2011 but were discovered by management in the current year. For the year ended June 30, 2013, the effect of the restatement was to increase net income and receivables by \$73,082. For the year ended June 30, 2012, the effect of the restatement was to increase net income and receivables by \$40,731. For the year ended June 30, 2011, the effect of the restatement was to increase net income and receivables by \$114,660. Retained earnings at the beginning of the year ended June 30, 2013 has been adjusted by \$155,391 for the effects of the restatement on prior years.





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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors Advocates for Science and Mathematics Education, Inc. New Orleans, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Advocates for Science and Mathematics Education, Inc. ("Advocates") (a nonprofit organization) who operates New Orleans Charter Science and Mathematics (d/b/a Sci High) (the "School") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. The School is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule K-1)

- We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers (Schedule K-2)

- 2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule K-4) to the combined total number of full-time classroom teachers per this schedule and to school supporting payroll records as of October 1, 2013.
- 3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule K-4) to the combined total of principals and assistant principals per this schedule.
- 4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2013 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's education level was properly classified on the schedule.

Number and Type of Public Schools (Schedule K-3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application).

<u>Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers</u> (Schedule K-4)

6. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2013 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined that the individual's experience was properly classified on the schedule.

Public School Staff Data (Schedule K-5)

- 7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.
- 8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Class Size Characteristics (Schedule K-6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2013 roll books for those classes and determined that the class was properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule K-7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School. This schedule is not applicable.

The Graduation Exit Exam for the 21st Century (Schedule K-8)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School.

Integrated Louisiana Educational Assessment Program (iLEAP) (Schedule K-9)

12. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by the School.

We noted the following exceptions as a result of applying the above procedures:

<u>Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers</u> (Schedule K-2)

Finding:

We noted one (1) instance where the teacher's certification reported on the October 1, 2013 PEP report was expired and no new certification was obtained.

Corrective Action Plan:

School leadership will implement a PEP data review process that includes final review and approval by the Co-Principal of Academics moving forward.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teacher (Schedule K-4)

Finding:

We noted one (1) instance where the teacher's reported experience level was incorrect on the October 1, 2013 PEP report.

Corrective Action Plan:

School leadership will implement a PEP data review process that includes final review and approval by the Co-Principal of Academics moving forward.

Public School Staff Data (Schedule K-5)

Finding:

We noted eleven (11) instances where the teacher's reported salary was incorrect on the June 30, 2014 PEP report.

Corrective Action Plan:

School leadership will implement a PEP data review process that includes final review and approval by the Co-Principal of Academics moving forward. In addition, variances between June reported salaries on the PEP and final earned salaries differed due to stipends and substitutions. Moving forward, Finance will obtain all projected payroll information in excess of base salaries that is anticipated in the June payroll by the end of May for that fiscal year.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, the Louisiana Department of Education, the Orleans Parish School Board, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, LLC

September 18, 2014

GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES FOR THE YEAR ENDED JUNE 30, 2014

General Fund Instructional and Equipment Expenditures		
General fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$1,162,997	
Other instructional staff activities	73,338	
Instructional Staff Employee benefits	461,051	
Purchased professional and technical services	99,920	
Instructional materials and supplies	78,748	
Less instructional equipment		
Total teacher and student interaction activities		\$ 1,876,054
Other instructional activities		11,161
Pupil support activities	568,614	
Less equipment for pupil support activities	950 940	
Net pupil support activities	-	568,614
		<u> </u>
Instructional Staff Services	82,553	
Less equipment for instructional staff services		
Net instructional staff services		82,553
		2
School Administration	243,865	
Less: Equipment for School Administration		
Net School Administration		243,865
		<u> </u>
Total general fund instructional expenditures		\$ 2,782,247
Total general fund equipment expenditures		s -
Total Scheral fana equipment experiateles		<u> </u>
Certain Local Revenue Sources		
Local taxation revenue:		
Constitutional ad valorem taxes		\$ -
Renewable ad valorem tax		γ -
Debt service ad valorem tax		_
Up to 1% of collections by the Sheriff on taxes other than school taxes		
Sales and use taxes		-
Total local taxation revenue		\$ -
Total local taxation revenue		- -
Land comings on investment in und		
Local earnings on investment in real property:		Ċ
Earnings from 16th section property		\$ -
Earnings from other real property		
Total local earnings on investment in real property		\$ -
5 F 7		
State revenue in lieu of taxes:		•
Revenue sharing—constitutional tax		\$ -
Revenue sharing—other taxes		<u>=</u>
Revenue sharing—excess portion		
Other revenue in lieu of taxes		
Total state revenue in lieu of taxes		\$ -
Nonpublic textbook revenue		\$ -
		(T)
Nonpublic transportation revenue		\$ -

EDUCATION LEVELS OF PUBLIC SCHOOL PRINCIPALS, ASSISTANT PRINCIPALS, AND FULL-TIME CLASSROOM TEACHERS AS OF OCTOBER 1, 2013

	Full-	time Class	room Teac	hers	Principals and Assistant Principals			
	Certificated Uncerti		Incertificated Certificated		icated	Uncertificated		
Category	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	::e:	=		-	Bil	II.		**
Bachelor's Degree	21.0	81%	3.0	60%		(T)		10
Master's Degree	5.0	19%	2.0	40%	26		8	
Master's Degree +30	Ca.	H	(=)	02	1.0	100%	9	3
Specialist in Education	::e:	-		-	18 1	8	×	**
Ph. D. or Ed. D.		В	(T)	-	ř	, T		10
Total	26.0	100%	5.0	100%	1.0	100%	발	Œ

NUMBER AND TYPE OF PUBLIC SCHOOLS FOR THE YEAR ENDED JUNE 30, 2014

T	2014 Number				
Туре					
Elementary	-				
Middle/Jr. High	.=				
Secondary	1				
Combination	-				
Total	1				

EXPERIENCE OF PUBLIC PRINCIPALS, ASSISTANT PRINCIPALS, AND FULL-TIME CLASSROOM TEACHERS AS OF OCTOBER 1, 2013

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	3	18)-	14	E.	8)	*	8
Classroom Teachers	5.0	15.0	7.0	2.0	2	1.0	1.0	31.0
Principals		=	924	:=	=	쓸	1.0	1.0
Total	5.0	15.0	7.0	2.0	=	1.0	2.0	32.0

PUBLIC SCHOOL STAFF DATA AS OF JUNE 30, 2014

2014	All Classroom Teachers	Classroom Teachers Excluding ROTC, rehired retirees, and flagged salary reductions
Average Classroom Teachers Salary Including Extra Compensation	\$46,946	\$46,946
Average Classroom Teachers Salary Excluding Extra Compensation	\$46,946	\$46,946
Number of Teacher Full- Time Equivalents (FTEs) used in Computation of Average Salaries	28.96	28.96

Note: Figures reported include all sources of funding (i.e. federal, state and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

CLASS SIZE CHARACTERISTICS AS OF OCTOBER 1, 2013

	Class Size Range							
School Type	1 to 20		21 to 26		27 to 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	~	20	· ·	12	2	220	125	1920
Elementary Activity Classes	a a					5 70		10.00
Middle/Jr High	=	-	:=:	5=	=	-8	.=0	æ
Middle/Jr High Activity Classes	-	-	340		2		-	9 <u>6</u> 5
High	50%	77	45%	69	5%	7	-	-
High Activity Classes	40%	4	40%	4	20%	2	.=8	8 7 2
Combination	-	-			-	-0	-	(i=1
Combination Activity Classes	-	251	120	12	2	28	(B))	1921

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollement in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as seperate line items.

DEDICATED MILLAGE REPORT REQUIRED BY OPSB



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors of Advocates for Science and Mathematics Education, Inc. New Orleans, Louisiana

We have performed the procedures described below, which were agreed to by the management of Advocates for Science and Mathematics Education, Inc. ("Advocates"), the Orleans Parish School Board (OPSB) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the use of Dedicated Millages and to determine whether the specified data is free of obvious errors and omissions as provided by Advocates. Advocates is responsible for documenting the use of Dedicated Millages. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. We obtained a schedule from Advocates of its expenditures for each purpose for the fiscal year.

Dedicated Millage:

- Purpose A School Books, Materials, and Supplies.
- Purpose B Early Childhood, Discipline, and Dropout Programs.
- Purpose C Employee Salary, Benefits, and Incentives.
- Purpose D Air Conditioning, Asbestos Removal, and Facilities.
- 2. We traced the expenditures to the General Ledger.

No exceptions were found as a result of applying the above procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Advocates, the Louisiana Legislature, Orleans Parish School Board and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr. Riggs & Ingram. LLC

September 18, 2014

REPORTS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS AND OMB CIRCULAR A-133



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of Advocates for Science and Mathematics Education, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Advocates for Science and Mathematics Education, Inc. ("Advocates") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Advocates' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Advocates' internal control. Accordingly, we do not express an opinion on the effectiveness of Advocates' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Advocates' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Advocates' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Advocates' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr. Riggs & Ingram. LLC

September 18, 2014



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors Advocates for Science and Mathematics Education, Inc. New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Advocates for Science and Mathematics Education, Inc.'s ("Advocates") (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Advocates' major federal programs for the year ended June 30, 2014. Advocates' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Advocates' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Advocates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Advocates' compliance.

Opinion on Each Major Federal Program

In our opinion, Advocates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Advocates is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Advocates' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Advocates' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carr. Riggs & Ingram. LLC September 18, 2014

Advocates for Science and Mathematics Education, Inc. Schedule of Expenditures of Federal Awards

Grantor/Program Title/Pass-Through Grantor	Federal CFDA Number	Total Federal Expenditures	
LLS Department of Agricultures			
U.S. Department of Agriculture:			
Passed-through KIPP New Orleans:	10 555	ċ	00.404
National School Lunch Program	10.555	\$	98,484
School Breakfast Program	10.553		28,895
Child and Adult Care Food Program	10.558		18,159
Total U.S. Department of Agriculture <u>U.S. Department of Education:</u>			145,538
Passed-through Orleans Parish Public School System:			
Title I Grants to Local Educational Agencies (LEAs)	84.010		184,699
IDEA Part B	84.027		143,924
Title II	84.367		27,013
Gulf Coast Recovery Grant	84.215		94,922
Total U.S. Department of Education			450,558
Total federal assistance		\$	596,096

Advocates for Science and Mathematics Education, Inc. Note to Schedule of Federal Awards

NOTE 1: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Advocates for Science and Mathematics Education, Inc. ("Advotcates") (a nonprofit organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Advocates for Science and Mathematics Education, Inc. Schedule of Findings and Questioned Costs June 30, 2014

A. SUMMARY OF AUDITOR'S RESULTS

- The auditor's report expresses an unmodified opinion on the financial statements of Advocates for Science and Mathematics Education, Inc. ("Advocates") (a nonprofit organization)
- No instances of noncompliance material to the financial statements of Advocates was disclosed and identified during the audit.
- No material weaknesses were noted relating to the audit in the *Independent* Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Auditing Standards.
- The Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 expresses an unmodified opinion on all major federal programs.
- There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- A management letter was issued for the year ended June 30, 2014.
- The program tested as a major program for the year ended June 30, 2014 was:

Program Title CFDA No.

Title I 84.010

- The threshold for distinguishing between Type A and Type B programs was \$300,000.
- Advocates qualifies as a low-risk auditee.

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None.

C. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None.

Advocates for Science and Mathematics Education, Inc. Schedule of Prior Year Findings June 30, 2013

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None.

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None.

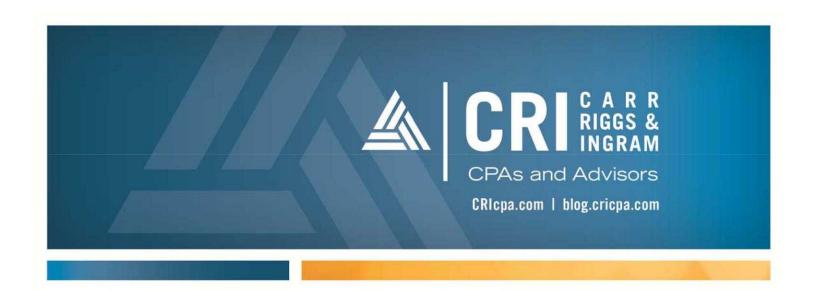
SECTION III – MANAGEMENT LETTER

Cash Management – Resolved

ADVOCATES FOR SCIENCE AND MATHEMATICS EDUCATION, INC.

Memorandum of Advisory Comments

For the Year Ended June 30, 2014



Advocates for Science and Mathematics Education, Inc. Table of Contents June 30, 2014

AUDITOR'S ADVISORY COMMENT		
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1.	Credit Card Process	2
2.	PEP Report Errors	2



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September 18, 2014

To the Board of Directors

Advocates for Science & Mathematics Education, Inc.

In planning and performing our audit of the financial statements of Advocates for Science and Mathematics Education, Inc.. (a nonprofit organization) (the "Advocates") as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the controller of the United States, we considered Advocates' internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Advocates' internal control. Accordingly, we do not express an opinion on the effectiveness of Advocates' internal control.

However, during our audit we became aware of deficiencies in internal control other than a significant deficiency or a material weakness that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our observations and recommendations regarding these matters. This letter does not affect our report dated September 18, 2014, on the consolidated financial statements of Advocates.

We will review the status of our observations during our next audit engagement. We have already discussed these observations and recommendations with various Advocates personnel, and we will be pleased to discuss in further detail at your convenience or to perform any additional study of this matter.

Sincerely,

Carr. Riggs & Ingram. LLC

Advocates for Science and Mathematics Education, Inc. Observation and Recommendation June 30, 2014

1. Credit Card Process

Observation:

During our walkthrough of credit card procedures, we noted that credit card statements were not being reviewed and logged by someone other than the authorized user in accordance with Advocates' policy.

Recommendation:

We recommend that Advocates' personnel adhere to the policy as written in order to minimize the risk of unauthorized purchases.

Management's Response:

Management will meet with the finance committee of the board to review accounting procedures and make recommendations to update the policies.

2. PEP Report Errors

Observation:

During our audit, we noted several errors on the PEP report as reported in the Agreed Upon Procedures engagement required by BESE. In addition to errors noted there, we noted another instance where one (1) teacher's reported certification number was expired; however, the teacher did have an active certification not reported on the PEP report.

Recommendation:

We recommend that Advocates' institute a review process over the PEP report data to ensure the accuracy of the information.

Management's Response:

School leadership will implement a PEP data review process that includes final review and approval by the Co-Principal of Academics moving forward.